



**SCOTTSDALE TOURISM DEVELOPMENT COMMISSION
CITY OF SCOTTSDALE
PINNACLE CONFERENCE ROOM
7575 EAST MAIN STREET
SCOTTSDALE, ARIZONA
FEBRUARY 17, 2004
APPROVED MINUTES**

PRESENT: Tom Morrow, Chairman
Shaun Robinson, Vice Chairman
Margaret Dunn, Commissioner
Jerry Gleason, Commissioner
Sally Shaffer, Commissioner
Ned Sickie, Commissioner

STAFF: Kathy O'Connor
Kathy Montalvo
Valentin Hernandez
David Roderique
Craig Clifford
John Little

OTHERS PRESENT FOR ALL OR PORTIONS OF THE MEETING:

Wayne Ecton, Council Member
Tom Silverman, Council Member
Rachel Sacco
Brent DeRaad
Genia Kehayes

CALL TO ORDER

Chairman Morrow called the regular meeting of the Scottsdale Tourism Development Commission to order at 8:05 a.m.

ROLL CALL

A formal roll call confirmed members present as stated above.

Ms. O'Connor reported it was brought to their attention after the City Council appointment of Terri Benich that although she has a Scottsdale mailing address she does not live in the City of Scottsdale. She further reported that according to City Charter to serve on a board or commission you must live in the City of Scottsdale. She added it is their loss because Ms. Benich has a wonderful background in the community.

Chairman Morrow thanked Shaun Robinson for all he has done for the Commission and the city's hospitality industry.

Commissioner Robinson stated the three years he has spent in Scottsdale have been outstanding. He further stated it has been a pleasure working with the Commission and the CVB. He remarked that he had to leave the meeting so that he could get back to the office to get organized because he is leaving on Saturday.

APPROVAL OF MINUTES

A MOTION WAS MADE BY COMMISSIONER SHAFFER TO APPROVE THE MINUTES OF THE JANUARY 20, 2004 MEETING AS PRESENTED. THE MOTION WAS SECONDED BY COMMISSIONER DUNN AND PASSED UNANIMOUSLY.

BED TAX COLLECTION & FINANCIAL REPORTS

Ms. O'Connor reported the December bed-tax receipts are up seven percent over last year's. She further reported there should be good news next month with the receipts reflecting the effects of the Rock n' Roll Marathon and the Fiesta Bowl. She reviewed the changes made to the Tourism Pro Forma reflecting the bed tax projected increase of two percent in FY 04/05. The Downtown Museum has been removed for 2003/2004, noting it has been moved one fiscal year based on the timing of the project.

PROPOSAL TO CITY COUNCIL FOR AN INCREASE IN TOURISM DEVELOPMENT FUNDS

Ms. O'Connor stated at the retreat and at the January 20, 2004 work study session, the Commission discussed their concerns with the bed tax shortfall, the negative impact on the tourism development program and the ideas for strengthening the destination marketing and tourism development programs.

She provided a brief overview of the Tourism Development Commission's proposal to City Council requesting an increase in the TDC portion of the bed tax.

She reported the bed tax revenue has declined 15% over the past three years. According to Financial Services, the current bed tax pro forma estimated is not expected to return to calendar year 2000 levels until either 2008 or 2009. Without any additional bed tax funds, tourism development program, and in particular the destination marketing program, would be significantly reduced as a result of the continued deficit spending and reduction in expenses.

She remarked that given all of the factors involved, the TDC has determined that a proposal to City Council recommending an increase in the percentage of bed tax allocated to the tourism development program is the most effective means of combating the current situation and ensuring Scottsdale's future competitiveness as a unique and desirable resort destination.

Chairman Morrow inquired if this proposal takes into account the loss of Cultural Quest funds. Ms. O'Connor replied in the affirmative. Chairman Morrow stated the net loss to the CVB budget would be around 10 percent noting that he was not comfortable with that in terms of competition. Mr. Roderique stated if the Commission felt Culture Quest is important they could spell it out that the increase in marketing be used to maintain Culture Quest.

Councilman Ecton stated if every year Culture Quest has to be approved there will continue to be resistance so he felt the best thing they could do was to request the increase in the bed tax fund in lieu of Culture Quest. He reported he has heard Ms. Sacco talk about many times they need to continue to reinvent ourselves and have new things of interest to attract people.

Councilman Silverman stated that he would agree with Councilman Ecton's comments. He further stated the current Mayor and Council has been extremely pro tourism but there will be a major turn over and there are no guarantees that the new council will be pro tourism, so this would be the time to improve the situation by not requiring a review every year. He reported it his understanding that Council can make this change. He further reported that he was confident they could get the votes to do this.

Chairman Morrow stated they have been offered some options up to 80 percent. He inquired if that is enough whether it should be 85 or 90 percent. Commissioner Gleason remarked he felt an increase from 66.7 to 80 percent is huge. He further remarked from a political perspective he felt it would be difficult to justify anything over 80 percent. Commissioner Sickle stated he felt 80 percent was a good number. Councilman Silverman stated he felt City Council would be more comfortable with the 80 percent rather than something higher.

COMMISSIONER SICKLE MOVED TO FORWARD A RECOMMENDATION TO THE CITY COUNCIL IN LIEU OF CULTURE QUESTS FUNDS, FROM THE GENERAL FUND, TO INCREASE THE PERCENTAGE OF BED TAX ALLOCATION TO THE TOURISM DEVELOPMENT PROGRAM FROM 66.7

PERCENT TO 80 PERCENT. SECOND BY COMMISSIONER DUNN AND PASSED UNANIMOUSLY.

SCOTTSDALE CONVENTION & VISITOR'S BUREAU FY 03-04 UPDATE AND FY 04/05 DESTINATION AND MARKETING APPROVAL PROCESS

Ms. Sacco presented a mid-year report and the schedule for FY 04/05 Destination and Marketing program review and approval process.

Ms. Sacco discussed the marketing budget. She stated their objective is to maximize the immediate return on investment, while attempting to maintain Scottsdale's brand equity.

She commented the Rock n' Roll Marathon was a great example of a Valley-wide event. She discussed how Scottsdale was able to maximize the event that resulted in Scottsdale having an eight percent higher occupancy rate compared to the rest of the Valley. She further commented they were also able to maximize the Fiesta Bowl to achieve a higher occupancy rate.

She reported that the Downtown Partnership no longer exists so they have stepped in to help maintain the downtown presence for visitors.

She presented information on the advertising that has been done for Spring Training.

She presented a zero-base budget for 04/05.

She remarked they are looking at the possibility of adding two full-time positions. She further remarked that every three to five years they need to update their technology.

She reported the focus group has indicated that their visitors have a very favorable opinion of Scottsdale over the competitive set.

Commissioner Sickel stated that with the upcoming change in the City Council he felt it was important for the Commission to stay proactive and emphasize the value of the CVB and the importance tourism has on the community. Ms. Sacco reported they are working with the Arizona Republic newspaper to have monthly or quarterly articles about what tourism does for Scottsdale. She further reported the Rock n' Roll Marathon is a good example of how a small investment resulted in a big return to the community.

Chairman Morrow requested the CVB provide the Commission with the results from the focus groups.

Ms. O'Connor point out that included in the commission packet is a tentative outline of the CVB's scope of work. This will be presented in final form at the March TDC meeting, so if there are any comments, please let her know.

EVENT SUPPORT PROGRAM

Ms. O'Connor stated at the January 20th work study session the commission discussed different ways to support events. She provided a brief overview of the revised event support program – work study follow-up report.

She reported after the January study session staff prepared an event checklist and draft tier guidelines. The information and guidelines were developed based on the discussion about event goals and the selection of Option "A": - Advertising Focus as the guideline for future event funding criteria. The items for discussion today would be to look at the event checklist and tier guidelines, which are proposals as far as funding amounts and criteria.

She called their attention to the Event Sub-Committee would be comprised of staff and representatives from the CVB, advertising agency, and the TDC to address the areas of importance with regard to funding. It was noted the Commission expressed a preference for establishing a "CVB Advertising Credit". The Tiers were intended to address the criteria by which events would qualify for CVB advertising program.

Chairman Morrow suggested Ms. O'Connor review the tiers. Ms. O'Connor reviewed the CVB Event Advertising Credit Tier Guidelines as presented in the Commission packet. She noted the goal is to put something in place that offers guidelines within which judgment can be exercised.

Chairman Morrow inquired what are the expectations of the Rock n' Roll Marathon in terms of support from the CVB or the City. Mr. DeRaad replied they would like to replicate the amount of municipal and State funding they received last year. He reported it is their goal to lessen the up front contribution but still provide in kind contributions.

Chairman Morrow inquired about how they intend to determine a set number of room nights. Ms. O'Connor stated they need to determine more tangible ways to determine room nights whether it is through room blocks or require a survey to be conducted at the hotels.

Commissioner Dunn stated she felt every event should have to fund a survey to find out where folks are coming from and where they are staying. She further stated she thought it was ridiculous to give them money and not understand who attends their event. She

further stated there should be a sliding scale regarding funding and the more rooms the event generates the more money they would receive.

Commissioner Dunn stated as they are looking at room nights they should be looking at the event budgets because events with bigger budgets are probably bringing in more people.

Commissioner Gleason stated Smith Travel does daily occupancy reports. If they measured the second weekend in January for the last five years and now with the Rock n' Roll Marathon event on the second weekend of January they can review the historical information to see the increase in room nights for that event or any event.

Chairman Morrow stated there was a comment by Commissioner Dunn that the Rock 'n Roll Marathon registration questionnaire would be useful. He requested that they receive a copy. Mr. DeRaad stated he would provide the commission with a copy.

Ms. O'Connor noted they would continue this discussion at a work study session in March.

DOWNTOWN SCOTTSDALE REPORT

John Little, Executive Director, The Downtown Group, provided background information on his work experience with the City of Scottsdale. He commented on the importance of the revitalization of the downtown. He provided a brief presentation on the goals and objects of the new Enhanced Municipal Services District Commission (EMSD) and future plans for Downtown Scottsdale. He reported the focus will be on marketing the downtown.

Chairman Morrow stated if the TDC or CVB can assist the EMSD Commission in the marketing of the Downtown to let him know. Ms. Sacco reported they were at their first meeting and plan on being involved.

ADMINISTRATOR'S REPORT

Ms. O'Connor discussed the highlights of the Smith Travel Report. She also reported there was a letter sent to the Mayor from the International Fighter Pilots Museum to officially notify the City they are not able to complete the facility.

UPCOMING EVENTS AND COMMISSION BUSINESS

Chairman Morrow reported the next regularly scheduled meeting would take place, Tuesday March 16, 2004.

Ms. O'Connor suggested at the March 16 Commission meeting they hold a work study session from 8:00 to 8:45 and the regular meeting from 9:00 to 10:00.

ADJOURNMENT

The meeting concluded at 10:00 a.m.

Respectfully submitted,

“For the Record” Court Reporters.